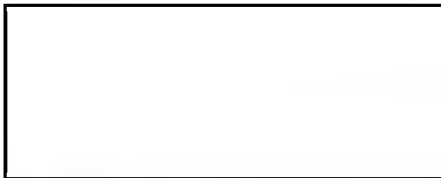


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15 August 1959



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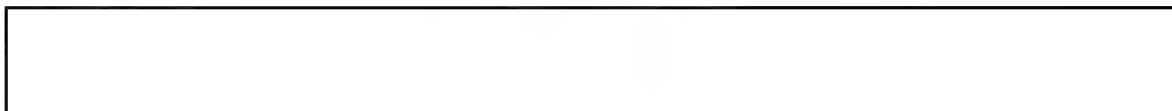
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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

15 August 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

DK Communist China - Agriculture: A joint directive has just been issued by the central committee of the Chinese Communist party and the State Council calling for "persistent unremitting efforts" to overcome the effects of drought, floods, and insect pests. The drought in north-central China--where rainfall over the past four to six weeks has been well below normal--was described as the most serious current threat, especially since Chinese weather forecasters predict continuing below-normal rainfall in these important agricultural areas during August and September. The directive reflects concern over the agricultural prospects, which may well have been discussed at an unpublicized meeting of top party leaders that has apparently been in session for some time. (Page 1) (Map)

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II. ASIA-AFRICA

ND Indonesia: "Higher-level army authorities," presumably Defense Minister General Nasution, were behind the government's decision to prohibit the Indonesian Communist party's sixth national congress, which had been scheduled for 22-31 August. Foreign Minister Subandrio believes that the Communists will intensify their strategy of attacking the cabinet

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while trying to maintain good relations with President Sukarno in the hope of driving a wedge between the President and the cabinet. [REDACTED]

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DK Burma: The government's announcement to Parliament on 13 August that general elections would be held some time during the first two months of 1960 reflects Prime Minister Ne Win's confidence that the Ba Swe - Kyaw Nyein faction will win the elections and will cooperate in behind-the-scenes direction by the army. Ne Win's views on how best to perpetuate army influence in the government thus appear to have prevailed over those of his lieutenants who favored postponing the elections indefinitely. [REDACTED]

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ND Tunisia-France: [Another stalemate is reported to have been reached in the Tunisian-French economic negotiations recently resumed in Tunis. The Tunisians have been conferring with the Moroccans, involved in similar negotiations with France, on a united stand to resist French financial pressures. The French ambassador in Tunis fears a complete breakdown in negotiations could lead to the loss of Bizerte and to intensified Tunisian and Moroccan efforts to speed the liquidation of French military and economic positions in both countries.] [REDACTED]

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III. THE WEST

ND Austria-Italy: [Austrian Foreign Minister Kreisky believes that the moderate pro-Austrian elements in the Italian South Tyrol are losing control to extremists who may be prepared to resort to violence in an effort to restore the area to Austria. In this event, Kreisky fears a "panicky Italian government"] [REDACTED]

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15 Aug 59

DAILY BRIEF

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[might send armed forces to the area and increase the danger of bloodshed. The Austrian Government considers recent Italian proposals regarding the situation "utterly inadequate," and Kreisky intends to treat the Tyrolean question as an "important subject" during his address to the UN General Assembly this fall.]

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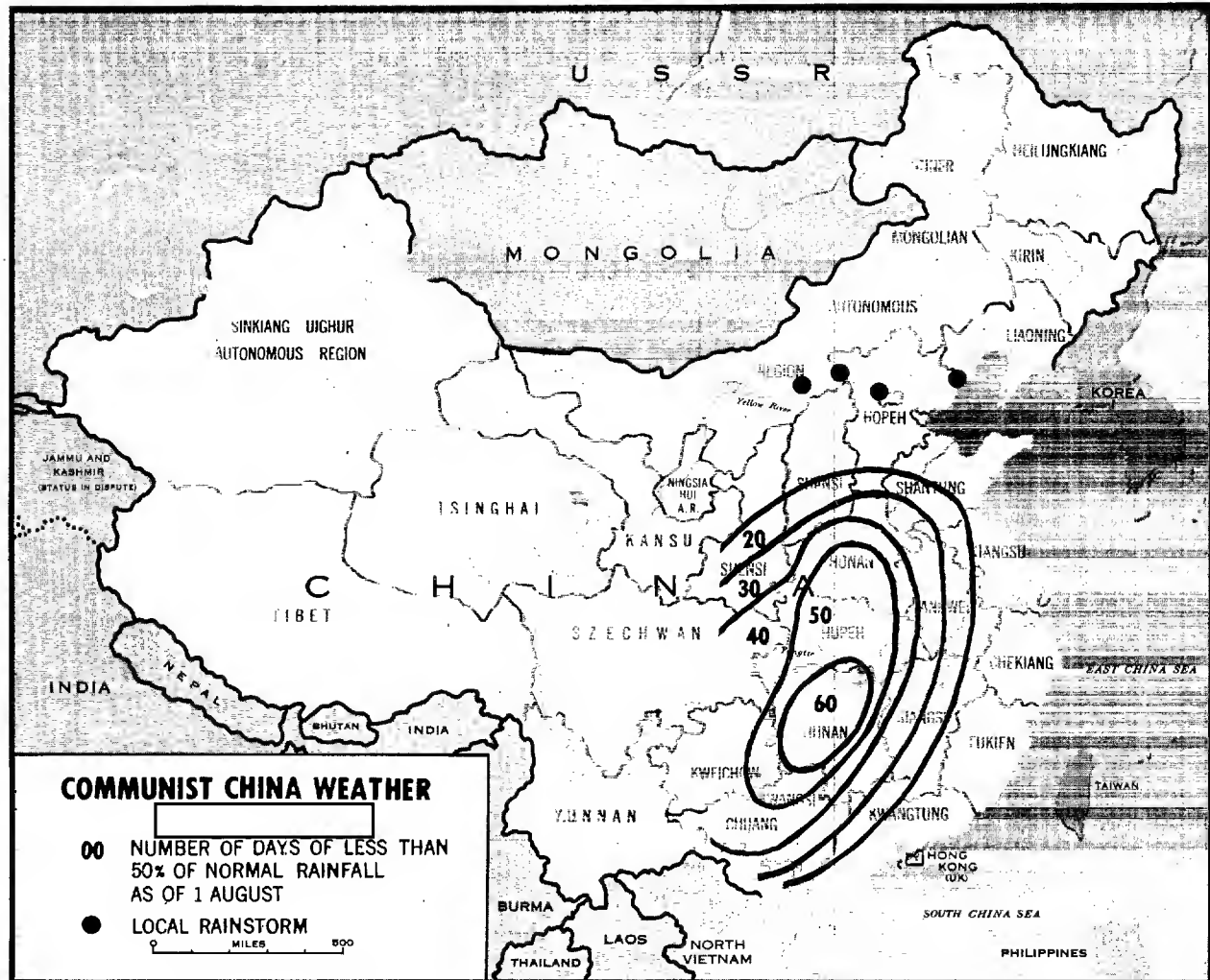
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DAILY BRIEF

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I. THE COMMUNIST BLOC

Peiping Orders More Intensive Fight Against Natural Calamities

The joint directive issued on 13 August by the central committee of the Chinese Communist party and the State Council calls for "persistent unremitting efforts" to overcome the threat to crops of such natural calamities as drought, flood, and insect pests. The directive says that the most serious current threat to crops is posed by a "severe" drought in areas of central and north-central China which produce an important part of China's rice crop.

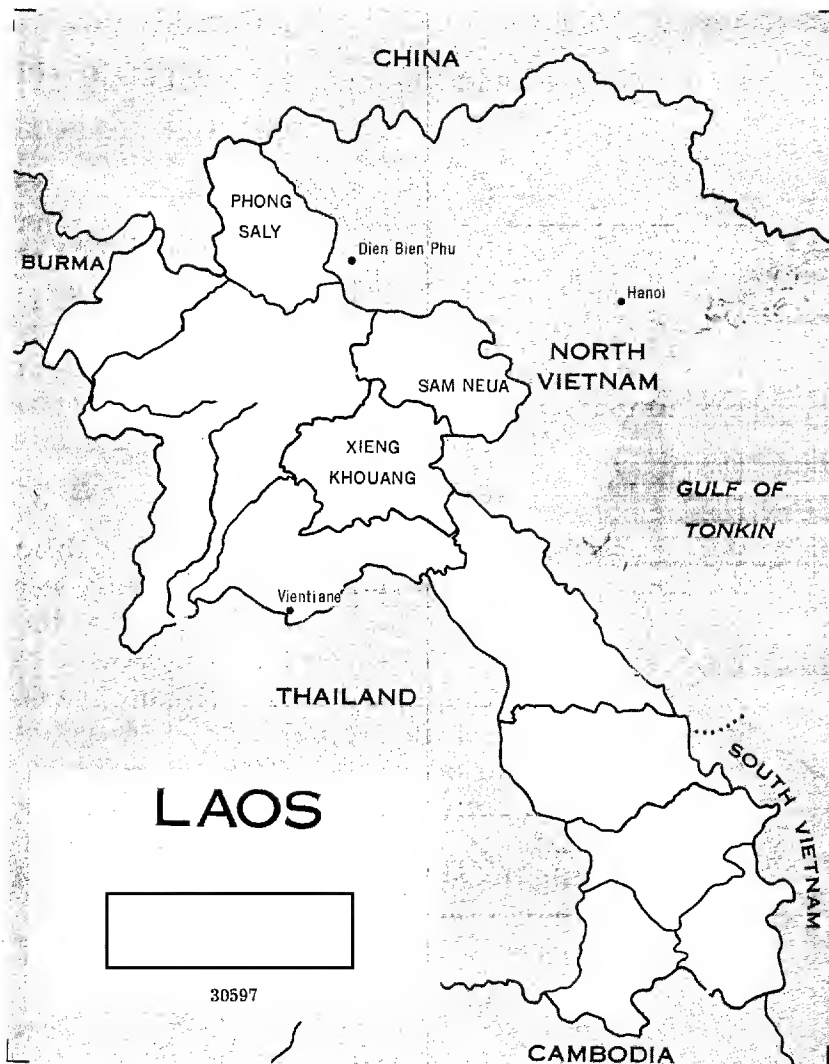
Available weather information shows that rainfall in these areas this summer has been less than half of normal for extensive periods, and the directive warns that subnormal rainfall is predicted for the same areas during August and September. The extent of the damage to crops is not yet clear, since most of the area involved is irrigated paddy land and less susceptible to drought than nonirrigated land; however, if the weather continues as predicted, it will reduce the late crop in China's "rice bowl."

Peiping has been giving heavy publicity in the past several months to "abnormalities" in China's weather, and growing conditions do not in fact appear as favorable as last summer's. The present directive is probably part of a campaign launched last week to spur Chinese workers and peasants to greater efforts during August and September to overcome such difficulties, regain some of the economic momentum lost in recent months, and greet the tenth anniversary of the regime on 1 October with "spectacular achievements." The need for such a spur may well have been a key topic of discussion at an unpublicized meeting of party officials that has apparently been in session somewhere outside Peiping.

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II. ASIA-AFRICA

Situation in Laos

[Laos apparently has decided to request a UN observer. It intends, however, to confine any observer's scope narrowly to fact finding rather than mediation and is guarding against any procedures that would associate Laos with the restrictive provisions of the Geneva agreements.]

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[The former

Communist Pathet Lao battalion, which refused integration into the Laotian Army in May, is located in North Vietnam across the border from Xieng Khouang in a position to give strong support.] The government's lack of success in its operation against the rebellious Pathet Lao battalion in May and June can be attributed in part to the antigovernment sentiment of a considerable proportion of the local population.

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[New Delhi is reacting to developments in the Indochinese states with a more flexible and sympathetic attitude toward the Western position than it has shown in the past.]

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Indian irritation with Peiping's action in Tibet probably has contributed to New Delhi's more balanced attitude on the Laotian situation.]

The explosion of five bombs in Saigon, South Vietnam, on the night of 13 August--causing some damage but no casualties--may foreshadow a new wave of Communist terrorism. The

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Vietnamese Government's concern that additional violence might follow the assassination of two Americans near Saigon by Communist agents on 8 July has been heightened by the recent outbreak of hostilities in Laos.

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Indonesian Government Prohibits Communist Party Congress

"Higher-level army authorities"--presumably Defense Minister General Nasution--have reversed an earlier army ruling and prohibited the holding of the Indonesian Communist party's sixth national congress, which was scheduled from 22 to 31 August. The Communists, who have repeatedly postponed the congress, had rescheduled it following the army's decision effective 1 August to ease the ban on political activities.

Communist reaction to the government's move will probably be carefully calculated not to draw army retaliation. It is likely to follow the line established in early August by party Secretary General D. N. Aidit. In a report to the central committee on 6 August, Aidit criticized the new Indonesian Government and the army on various scores including election delays and the remaining restrictions on political activities, but laid no blame on President Sukarno. Foreign Minister Subandrio told the American ambassador he believes Communist strategy will aim at maintaining good relations between Sukarno and the party and driving a wedge between Sukarno and the cabinet.

Subandrio thinks this conflict between the cabinet and the Communists will be intensified as a result of the cancellation of the party congress; he expressed the hope that Sukarno would be drawn into the conflict "on our side." Subandrio apparently hopes that Sukarno will regard an attack on the cabinet as an attack on himself. For almost two years, Sukarno has indicated apprehension over increasing Communist strength. [REDACTED]

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Burma to Hold General Elections in Early 1960

Judicial Minister U Chan Htun Aung told Parliament on 13 August that general elections will be held in Burma in January or February 1960. This announcement reflects Prime Minister Ne Win's growing confidence that the "Stable" faction of the Anti-Fascist People's Freedom League, led by former Deputy Prime Ministers Ba Swe and Kyaw Nyein, will win over the "Clean" faction, led by former Prime Minister U Nu. Ne Win has in the past indicated considerable concern over the possibility of a Nu victory on the ground that Nu would be too dependent on support from the pro-Communist National United Front.

The announcement that elections will be held on schedule indicates that Ne Win's views on how best to perpetuate strong army influence in the government have prevailed. Some of his lieutenants in the army hierarchy reportedly had argued for indefinite postponement of elections. Ne Win, who seems genuinely desirous of obeying the letter of the constitution, has on several occasions indicated that he would prefer to turn the government over to the majority party in Parliament and let the army monitor governmental activities from behind the scenes to assure continuation of the present reformist policies. He apparently has an understanding to this effect with Ba Swe and Kyaw Nyein.

Some of the military are reported to have argued for the creation of a parliamentary "third force," composed of army officers who were to resign their commissions and contest the elections. While the scheduling of elections does not necessarily rule out this possibility, Ne Win is known to oppose open army involvement in politics.

Tunisian-French Talks Reach New Stalemate

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[Tunisian-French financial and customs negotiations, which were resumed a few days ago, are again deadlocked, according to the French Embassy in Tunis. Although agreement has been reached on changing the 1955 French-Tunisian customs union and on detailed commercial listings, the Tunisians refuse to reduce their demands for overdraft privileges in the franc pool and for a guaranteed price for Tunisian wheat exports to France and a guaranteed market for Tunisian wines. Paris, likewise, is reluctant to give in; Premier Debré reportedly believes that Tunisia has already been given too many concessions.]

[Meanwhile, Tunisian and Moroccan financial experts have held several meetings, probably to establish a united stand on the part of both governments to resist French financial pressures.]

[French officials in Tunisia fear the alternative to further concessions would be an economic break disastrous both to French wheat and wine producers in Tunisia and to the Tunisian economy, which depends largely on that of France. The French ambassador in Tunis is reported to fear that a breakdown in economic talks would lead to the loss of the Bizerte base, the status of which is still unsettled, and to intensified efforts by Tunisia and Morocco to hasten the liquidation of France's military and economic position in both countries.]

[President Bourguiba, who habitually employs the technique of establishing deadlines for desired actions, has said that if the financial negotiations are not completed by 15 August, his government will take 'necessary measures.']

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III. THE WEST

Austrians Fear Violence in Dispute With Italy Over South Tyrol

(In a recent conversation with Ambassador Matthews in Vienna, Austrian Foreign Minister Kreisky expressed concern that violence may develop in the long-simmering dispute with Italy over the South Tyrol. Kreisky said that during a trip to the area in early August he had found the moderates losing control to the extremists, who now are demanding a plebiscite to determine whether the South Tyrol should revert to Austria.)

(Kreisky described recent Italian proposals regarding the cultural autonomy of the German-speaking minority as "extremely disappointing" and "utterly inadequate." Although under strong pressure from the Tyroleans to try to inscribe the issue on the agenda of the UN, Kreisky said he would not do that now, but would treat the issue as an "important subject" when he addresses the General Assembly this fall. He stated that the Soviet bloc would probably be glad to support Austria in the UN, but that this is the "last thing" his government would wish to stimulate.)

(Austria and Italy have been quarreling over the South Tyrol since Italy acquired the area after World War I. A bilateral agreement between the two countries in 1945 confirmed Italy's possession, but guaranteed cultural autonomy to the large German-speaking minority. Vienna has long charged Rome with failing to fulfill this agreement, but has not supported extremist demands for a territorial adjustment. Kreisky himself is a moderate on the issue, and his present concern contrasts with the comparative lack of agitation on the subject during the past few months.)

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